



Los Angeles County AUDIT COMMITTEE

Louisa Ollague, Chair
1st District
Brence Culp, Vice Chair
3rd District
Clinton Tatum
2nd District
Carl Gallucci
4th District
Angela Mazzie
5th District

MEETING MINUTES

April 21, 2005

Chairperson Louisa Ollague called the meeting to order at 1:33 p.m. in Conference Room, 525, at the Kenneth Hahn Hall of Administration.

Committee Members Present

Louisa Ollague, First District
Brence Culp, Third District
Angela Mazzie, Fifth District

Clinton Tatum, Second District
Carl Gallucci, Fourth District

Others in Attendance

Don Chadwick, Auditor-Controller
Terri Kasman, Auditor-Controller
Mike Pirolo, Auditor-Controller
Jim Schneiderman, Auditor-Controller
Brian Center, Deputy, First District
Joseph Charney, Deputy, Third District
Anna Pembedjian, Deputy, Fifth District

Martha Littlefield, Executive Office
Garen Khachian, Executive Office
Peter Papadakis, Executive Office
Sue Harper, DCFS
Ed Sosa, DCFS
Ben Uminsky, Graduate Student/SEIU 660

Approval of Minutes

On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved the March 21, 2005 minutes.

Old Business

Department of Health Services Centralized Contract Monitoring: A/C identified the Office of Aids Program and Policies as a model to implement the necessary changes to DHS contract monitoring. A/C prepared a draft memo to the Board of Supervisors explaining the reasons for selecting OAAP and the program goals. DHS will respond to the memo by early May 2005. Angela Mazzie asked the type of programs being considered. A/C is deciding between program monitoring or fiscal monitoring. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Progress Report – Fiscal Review of Kedren Community Health Center, a Mental Health Services Contractor Conducted by the Auditor-Controller: Mr. Schneiderman reported the issue may not be resolved for 12 months, but the Center is making installment payments on disallowed costs. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Allegations against Refugio Para Niños Foster Family Agency: This item is on the Board of Supervisors April 26, 2005 agenda. A/C asked for more information about financial liabilities. Carl Gallucci asked if the DCFS salary survey data is complete. Sue Harper reported a draft survey is available for review (copy on file). **On motion of Louisa Ollague, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

FFAs and Group Home Monitoring: A/C continues to monitor FFAs and group homes; DCFS will not begin monitoring group homes until September 2005. DCFS does not have the staff to perform fiscal monitoring. Louisa Ollague asked if duplication of efforts is

occurring. Mr. Chadwick stated A/C will work with DCFS to minimize duplication of efforts, however, the Board of Supervisors requires A/C to monitor group homes.

Ms. Harper provided copies of the salary survey for FFAs and group homes. Ms. Harper stated TTC is not collecting monies in a timely manner and an MOU with TTC is being developed to resolve collection inefficiencies. In response to Louisa Ollague, Ms. Harper stated she will check the report's accuracy and provide the Committee and the Children Deputies with updated copies. **This item was continued to the June 16, 2005 meeting.**

Group Home Program Monitoring Report – Leroy Haynes Center, Inc., Leroy Haynes Group Home: Mr. Pirollo reported A/C received the agency's corrective action plan. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing this report.**

McKinley Children's Foster Family Agency Contract Review: Mr. Chadwick reported corrective action was taken and most issues surrounded activities a home now decertified. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing this report.**

Fiscal Review of HA'RE John's Paradise, Inc. – A Group Home Foster Care Contractor: Review determined a total of \$19,014 in questioned costs and \$3,656 in unaccounted revenue. A/C is waiting to receive the agency's corrective action plan. The agency agreed to provide DCFS a written response within 30 days of the February 22, 2005 report date and DCFS agreed to provide A/C a written response within 60 days detailing the resolution of all findings contained in the report. **This item was continued to the May 19, 2005 meeting.**

Probation Department – Program Audit and Management Audit: Ms. Kasman reported two audits being conducted should be completed in late August 2005. The management audit is under a separate contract. Brence Culp asked if the two audits overlap with the Department of Justice (DOJ) oversight. Mr. Schneiderman reported the audits are separate. Brian Center asked for CWLA's interim findings to be implemented immediately. Ms. Kasman will contact the CWLA auditor to ensure findings are utilized expeditiously.

Reports to be Received and Filed

DHS Proposition A Contract Extension For Respiratory Therapy Services At LAC+USC Medical Center February 15, 2005 Agenda – Item 20: A/C is waiting to receive DHS' revised staffing plan to effectively review and perform a cost analysis. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Audit Of The Los Angeles County Regional Park And Open Space District For The Year Ended June 30, 2004: Audit concluded the District's financial statements are in conformance with generally accepted accounting principles and State regulations governing special districts. However, District needs to ensure agencies receiving funds retain supporting documentation for maintenance and service costs incurred. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Community Development Commission – Fiscal Review: **The Committee unanimously approved continuing this item to the May 19, 2005 meeting and requesting representatives from the Community Development Commission attend to discuss the Auditor-Controller's findings.**

Countywide Contract Monitoring Project (Board Agenda Item #5.4, June 21, 2004): Louisa Ollague asked if the pilot project accomplishment report is complete. Mr. Chadwick stated the report should be ready in June 2005; an extension was needed for A/C to meet with stakeholders, contractors, and departments involved with the pilot project. A survey was sent to the stakeholders to assist in targeting problem areas. Louisa Ollague inquired why contractors in DCSS were monitored for monies under \$60,000. Mr. Chadwick stated the funding source requires strict program requirements. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing this report.**

Reports Received

Sunset Review For The Los Angeles County Beach Commission: **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved recommending the Board of Supervisors extend the Beach Commission's sunset review date to December 31, 2009.**

Los Angeles County Fair Association Audit Report For The Year Ended December 31, 2003: Ms. Kasman reported the Association is in agreement with most findings except the large dollar findings and the current report needs to be compared with last year's study to determine if it is a repeat finding. **The Committee unanimously approved continuing this item on the agenda until resolution is attained.**

Sheriff Contract City Billing Practices – Final Phase I Report: Review of 14 Phase 1 areas and determined 8 services billable to contract cities without requiring a Board policy. Mr. Pirollo reported the Sheriff believes the amounts are too high in certain cities but the Sheriff has no data to support the position. Louisa Ollague asked if Sheriff has billing capabilities. A/C and Sheriff will need to work together to implement and monitor billing capabilities. A/C is waiting for the Board of Supervisors' instructions. In response to the Committee, Mr. Pirollo stated the Sheriff's exhaustive facilities study is not complete, A/C began asking the Sheriff for facilities data in October 2004 and is unaware of the Sheriff's target completion date, however, the Sheriff is considering implementing different allocation methods based on square footage. A/C met with 30-35 Contract City managers in 5 different meeting to review comments about the audit report. Questions raised concerned facilities costs, whether individual cities would share services from the same Sheriff's station and service patrolling levels to unincorporated rather than incorporated areas. The next meeting is April 28, 2005 at Lakewood City Hall. Brian Center stated 3rd District is considering a motion allowing A/C to set the rates. He asked what changes are needed. Mr. Pirollo reported the mechanics of implementing rates would be unchanged. Brian Center inquired if rate adjustments could be implemented in mid-year. Mr. Pirollo will follow up and report back. Anna Pembedjian asked if A/C could have Sheriff commit to a completion date of the exhaustive facilities study and determine a square footage allocation method feasible for A/C to support. Mr. Pirollo stated the square footage allocation seems plausible. Joseph Charney asked for the Phase II completion date. Mr. Pirollo estimated 9-12 months. Brian Center asked if Contract Cities discussed the possibility of service cutbacks. Mr. Pirollo advised service level concerns were raised but no details were discussed. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved requesting the Sheriff commit to a completion date for the exhaustive facilities cost study and continuing this item to the May 19, 2005 meeting.**

Management Audit One Year Update: **On motion of Louisa Ollague, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Fiscal Monitoring of Community and Senior Services' Fiscal Year 2003-04 Domestic Violence Program Service Providers: M.R. Grant, CPAs' review of 44 contractors' documentation supporting billing practices should be complete by the end of May 2005. Questioned costs totaling \$177,968.11 are under review to determine the actual amount of disallowed and documented costs. **This item was continued to the June 16, 2005 meeting.**

Department of Health Services – Community Health Plan Fiscal Year 2003-04 Financial Audit: Simpson & Simpson, CPAs audit report on CHP internal controls found material weaknesses noted in past audit related to the lack of an enhanced computer system to bill out-of-plan claim payments and distribute retroactive adjustments, deficiencies in the patient management system, and inability to handle increased growth continue to exist. Angela Mazzie asked for clarification of the retroactive adjustments on page 5. Mr. Schneiderman reported CHP receives money after a person is eligible for benefits, but the money is not dispersed in a timely manner. Angela Mazzie questioned why CHP forfeited the \$2.8 million expense reimbursements for its In-Home Supportive Services program. Mr. Schneiderman stated CHP has difficulty tracking reimbursed amounts. Brence Culp advised CHP wanted to make improvements in its internal billing system but lacks the appropriate resources to implement. Questions were raised about whether A/C would assist in implementing internal billing changes in CHP's administrative system or if it would remain in-house. Angela Mazzie commented on the inefficiency of CHP's monthly reconciliations. Mr. Schneiderman stated certain transactions are complicated to disperse and CHP needs staff. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved sending a letter requesting Community Health Plan respond within 30 days addressing the specifics needed to improve its billing capabilities. Following CHP response, staff will invite Department representatives and Health Deputies to attend the June 16, 2005 meeting.**

Audit Transmittal Report TR 04-74 (FYE 6/30/03): Louisa Ollague asked if Department of Community Senior Services paid the \$2.4 million to the State. Ms. Kasman stated the money has not been paid, but the review was expanded to include other areas in an attempt to lower the owed dollar amount. A/C is confident the \$2.4 million can be reduced. Louisa Ollague will forward a letter from the State asking for monies to be paid to Ms. Kasman. **This item was continued to the May 19, 2005 meeting.**

DCSS Area Agency on Aging Program Audit Liabilities: Pursuant to the January 20, 2004 Board order, DCSS developed a corrective action plan to resolve long standing AAA program issues with the California Department on Aging. A/C staff are working with the CDA Audit branch and sub-contracting agencies to correct past billing practices and reconcile questioned costs. As a result, the State formally acknowledged reduction of questioned costs for fiscal years 1997-98 and 1998-99 from \$10,139,582 to \$80,041. Further, Auditor-Controller staff is confident fiscal years 1999-2000 through 2002-03 will be reduced from \$63,195,715 to \$665,089. In response to Louisa Ollague, Ms. Kasman reported numerous audits are occurring and so the A/C is unable to comment on the exact amount DCSS owes. **On motion of Brence Culp, seconded by Louisa Ollague, the Committee unanimously approved sending a thank you letter to Jack Skadsem for his diligent efforts in reducing the amount of audit liabilities.**

South Bay Bright Future Foster Family Agency Contract Review: Review determined agency needs to improve detection of homes not complying with Title 22 provisions and the County contract. Bright Future was not consistent ensuring children on psychotropic medication have a court authorization on file or that foster parents maintain medication logs for children.

The agency needs to better evaluate a foster home's capability to provide quality care for more than two placements prior to placing more children in a home. The agency concurred with the findings and is implementing changes. **On motion of Carl Gallucci, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – Ferree's Group Homes, Inc., Sites #1, #2, #3, #4 and #5: The agency needs to make numerous repairs to all five facilities. Group Home #2 needs to provide residents with a computer and Group Homes #3, #4 and #5 need to secure weightlifting plates when not in use. A/C has not received the agency's corrective action plan. **This item is continued to the May 19, 2005 meeting.**

Public Comments

There were none

Other Business

The Department of Animal Care and Control fiscal review implementation process will be on the May 19, 2005 agenda. In response to Louisa Ollague, Ms. Kasman stated Pat McMahon is working on the Workforce Investment Act (WIA) budget.

Matters not on the Posted Agenda (to be Presented and Placed on the Agenda of a Future Meeting)

There were none.

Adjournment

There being no further business to conduct, the meeting was adjourned at 2:47 p.m.